TransAlta Utilities Corporation **Annual Report** 1999

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TransAlta

CORPORATE PROFILE TransAlta Utilities Corporation owns and operates electricity generation and transmission assets in the province of Alberta, Canada. TransAlta Utilities owns net generating capacity of approximately 4,500 megawatts from three coal-fired power plants (and 50 per cent ownership in a fourth), and 13 hydroelectric generating plants. The corporation operates five of Canada's top 10 best-operated generating units, and ranks as a top-quartile performer in operating low-cost, reliable and efficient transmission facilities. TransAlta Utilities owns 11,000 kilometres of transmission lines and 260 substations in Alberta. The corporation's transmission assets represent more than half of the Alberta transmission system. TransAlta Utilities, a wholly-owned subsidiary of TransAlta Corporation, has operated in Alberta since 1911.

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OVERVIEW

This review of TransAlta Utilities' 1999 financial results is organized by consolidated results and by business segments. TransAlta Utilities has two business segments: Generation and Transmission supported by a corporate group. The business segments assume responsibility for their operating results measured as earnings before corporate overheads, interest and taxes (EBIT). The corporate group is responsible for finance and income taxes, as well as its overhead costs. The following analysis is based on TransAlta Utilities' consolidated financial statements, with references to the notes to the financial statements (pages 17 to 29). All tabular dollar amounts in the following discussion are in millions unless otherwise noted.

CONSOLIDATED SUMMARIZED STATEMENTS OF EARNINGS

(in millions except earnings per share - EPS)	**1999**	1998	*Explanation*
Revenues	**$ 772**	$ 854	Generation decreased by $83 & regulated Transmission by $28 mainly due to the 1999 Decision; offset by increased non-regulated Transmission of $29
Segment EBIT			
Generation	**225**	299	Effect of 1999 Decision and unscheduled outages
Transmission	**110**	131	Effect of 1999 Decision
	$ 335	$ 430	
Corporate overheads	**(67)**	(81)	Reduced compensation and benefits costs
Net interest expense, preferred dividends & other	**(119)**	(121)	
Income taxes	**(84)**	(119)	Lower pre-tax income and higher effective tax rate
Continuing earnings to common	**$ 65**	$ 109	
Discontinued Distribution & Retail	**22**	25	Effect of 1999 Decision partially offset by lower interest and taxes
Net earnings applicable to common	**$ 87**	$ 134	
Basic earnings per share			
Continuing operations	**$0.38**	$0.68	
Discontinued Distribution & Retail	**0.13**	0.16	
Net earnings to common	**$0.51**	$0.84	

In late 1999, TransAlta Utilities focused its strategy on Generation and Transmission and decided to sell its Distribution and Retail (D&R) assets. The consolidated statements of earnings have been restated to present TransAlta Utilities' D&R businesses as discontinued operations *(Note 3)*. An agreement was concluded subsequent to Dec. 31, 1999 to sell the D&R operation in 2000 *(Note 18)*. Operating revenue, expenses, interest and taxes as well as an allocation of direct overheads and interest (and taxes thereon) associated with the discontinued operations have been removed from continuing operations and presented on a one-line basis as earnings from discontinued operations.

SUMMARY OF RESULTS

TransAlta Utilities' net earnings applicable to common shares decreased by $47.0 million to $87.1 million ($0.51 earnings per share – EPS) from $134.1 million ($0.84 EPS). Earnings from continuing operations applicable to common shares declined to $65.3 million ($0.38 EPS) in 1999 from $109.2 million ($0.68 EPS) in 1998. Cash flow per share from operating activities declined to $1.73 from $1.92 in 1998. These decreases were mainly due to lower regulated earnings and an increase in the weighted average common shares outstanding, which rose to 169.5 million in 1999 from 160.4 million in 1998.

1999 REGULATORY DECISION

In the fourth quarter of 1999, TransAlta Utilities received and recorded the Alberta Energy and Utilities Board's (EUB) Phase I decision on 1999 and 2000 rates (the 1999 Decision). In 1998, TransAlta Utilities' regulated operations earned a rate of return on average common shareholder's equity of approximately 12 per cent (exclusive of the 1995 Decision recorded in 1998 – *Note 10)*. In the 1999 Decision, the EUB set its approved rates for 1999 based upon a rate of return on common shareholder's equity of 9.25 per cent, but included conditions which precluded TransAlta Utilities from achieving this allowed return. Because the 1999 Decision was received in late 1999, TransAlta Utilities was unable to make operational decisions that would have mitigated the impact of the 1999 Decision. Consequently, TransAlta Utilities earned a rate of return on average common shareholder's equity of approximately 7.3 per cent, primarily as a result of generation volume shortfalls due to outages as well as the methodology used by the EUB to calculate deferral accounts for Generation. Deferral accounts are a regulatory mechanism that enable TransAlta Utilities and other utilities to be compensated for actual results that differ from forecasted amounts incorporated in a regulatory decision. The accounts provide for the sharing of risks between TransAlta Utilities and its ratepayers. Had TransAlta Utilities earned the 1998 rate of return of 12 per cent in 1999, it is estimated that net earnings in 1999 would have been approximately $52 million greater ($0.30 EPS).

On Feb. 1, 2000, the EUB announced an amendment to its Phase I decision (the 1999 Final Decision) concerning the 1999 generation deferral account calculations that partially offsets the effect of the 1999 Decision *(Note 18)*. The positive impact of the 1999 Final Decision increased allowable 1999 rates by approximately $30 million and net earnings by approximately $17 million ($0.10 EPS), and will be recorded in the first quarter of 2000. Due to the timing of the EUB's 1999 Final Decision, the 1999 accounts were not adjusted. However, if the 1999 Final Decision had been recorded in 1999, TransAlta Utilities' net earnings would have been approximately $104 million ($0.61 EPS), net earnings from continuing operations applicable to common shares would have been $82 million ($0.48 EPS) and the rate of return on common shareholder's equity would have been approximately nine per cent. The 1999 Final Decision also determined deferral account calculations for 2000 and thereby TransAlta Utilities' regulated results in 2000. Certain other revenue requirement issues related to the 1999 Phase I decision and the 1996 Phase II decision remain outstanding *(Notes 16 and 18)*. The financial statements in this report do not include any estimate of the effects of these contingencies as the amounts are indeterminable at this time. The impact of these contingencies will be recorded in the period they are known.

FINANCING STRATEGY

During 1999, a new financing strategy was implemented to raise all necessary capital at the TransAlta Corporation level. Funding raised by TransAlta Corporation will be invested in TransAlta Utilities as it is required at costs consistent with those had TransAlta Utilities raised capital on its own account from third parties.

MANAGEMENT'S DISCUSSION & ANALYSIS

SEGMENTED BUSINESS RESULTS

GENERATION

	Revenue	EBIT
Year ended 1998	$639.4	$299.4
1999 Decision - lower return and recoverable costs	(40.1)	(40.1)
Deferral accounts recovered in 2000	(30.0)	(30.0)
Lower production revenue and related fuel volume costs	(13.0)	(9.1)
Higher maintenance, depreciation and fuel price costs	–	(10.7)
1998 booking of 1995 Decision *(Note 16)*	–	14.9
1998 restructuring costs	–	0.8
Year ended 1999	**$556.3**	**$225.2**

Operational performance	1999	1998
Production (GWh)	**28,717**	29,761
Revenue/MWh	**$19.37**	$21.48
Operating expenses/MWh	**$11.54**	$10.90

RESULTS The 1999 Decision included price deferral account provisions. However, the methodology prescribed by the 1999 Decision to calculate other deferral accounts did not achieve the intended protection from power pool price fluctuations. The 1999 Final Decision (issued Feb. 1, 2000) corrected this unintended impact on revenues and earnings by increasing allowable 1999 rates by approximately $30 million, which will be recorded in the first quarter of 2000. Production decreased by 1,044 gigawatt hours (GWh) mainly due to turbine blade failures and a boiler failure. Maintenance expense rose by $2.4 million due to work required as a result of the outages. Depreciation increased by $4.5 million because of higher capital expenditures. After giving effect to the $30 million from the 1999 Final Decision, which will be recorded in 2000, Generation's 1999 EBIT would have been $255.2 million.

OUTLOOK In December 1999, TransAlta Utilities made a filing under the Temporary Suspension Regulations (TSR) with the EUB to recover the portion of the 1999 and 2000 production shortfall related to unscheduled outages. No amount has been accrued for this filing. The 1999 Final Decision determines Generation's regulated rates and risks for 2000. As in 1999, Generation revenue will be exposed to production volume variances. TransAlta Utilities is replacing turbine blades that failed in 1999 with new technology, and unscheduled outages of this type are not expected to reoccur. Generation revenue is not subject to price risk as it is covered by deferral accounts. On the expenditure side, Generation's financial results will reflect actual operating and capital costs versus those upon which the 2000 rates were based. TransAlta Utilities is confident that, excluding the impact upon which the TSR was filed, Generation can achieve the 2000 earnings targets set in the 1999 Decision.

In 2001, Generation's operations will become deregulated and subject to the provisions of the long-term contracts known as power purchase arrangements (PPAs). TransAlta Utilities expects the PPA returns to be greater than those under the 1999 Decision, commensurate with the increased risks borne by the company. The deemed equity component of Generation's rate base will increase to 45 per cent in the PPA as compared to 40 per cent in the 1999 Decision. The equity risk measured as a spread over long-term government bonds will increase to 4.5 percentage points compared to the 3.5 percentage points in the 1999 Decision.

TRANSMISSION

	Revenue	EBIT
Year ended 1998	$214.2	$130.5
1999 Decision	(27.9)	(27.9)
Non-regulated EPC activities	29.4	2.3
Increased other expenses	–	(3.1)
1998 booking of 1995 rate adjustment *(Note 10)*	–	5.9
1998 restructuring charges	–	2.3
Year ended 1999	**$215.7**	**$110.0**

RESULTS The slight increase in revenue was a result of lower regulated revenues, which were offset by higher revenues from competitive engineering, procurement and construction (EPC) contracts. The reduction in Transmission's regulated revenues was due to the 1999 Decision, of which $13 million was attributable to the lower allowed rate of return. The remaining decrease was due to operating efficiencies passed on to ratepayers in 1999. TransAlta Utilities charged TransAlta Energy Corporation $24.7 million (1998 - $nil) for EPC contracts.

OUTLOOK The 1999 Decision determines Transmission's regulated rates and risks for 2000. Transmission's regulated revenues are fixed except for a deferral account for the current year's capital expenditures. Transmission remains exposed to operating expenditures differing from those approved under the 1999 Decision. TransAlta Utilities is confident it can meet or improve on the cost targets set in the 1999 Decision. Transmission will continue to pursue competitive EPC contracts, primarily in Alberta. While transmission will remain regulated in Alberta, the Transmission Administrator is using a competitive bidding process for any new facilities that require an investment of more than $10 million.

CORPORATE OVERHEADS

1999	1998
$66.6	$80.7

RESULTS Corporate overheads are net of amounts directly related to discontinued operations. Corporate overheads decreased by $14.1 million. The decline was mainly attributable to lower charges from TransAlta Corporation for performance share ownership plan (PSOP) costs of $3.3 million in 1999, $8.2 million in reduced salaries and benefits as a result of operational efficiencies and lower pension costs, and non-recurring restructuring costs of $2.4 million in 1998.

OUTLOOK Overhead costs are expected to decline after the sale of the discontinued D&R operations. Beginning in 2000, TransAlta Utilities will fully allocate overheads to its operating business segments.

MANAGEMENT'S DISCUSSION & ANALYSIS

NET INTEREST EXPENSE, PREFERRED DIVIDENDS AND OTHER

	1999	1998
Interest expense	$ 98.9	$101.6
Preferred dividends	21.1	21.1
Other corporate income	(0.3)	(1.3)
	$119.7	$121.4

RESULTS Interest expense is net of amounts directly related to discontinued operations as well as amounts allocated to discontinued operations, which were $15.1 million in 1999 and $20.1 million in 1998. The $2.7 million decrease in interest expense was equally attributable to decreases in interest rates and debt levels.

OUTLOOK Net interest expense is expected to decrease as the proceeds from the sale of the discontinued D&R operations will be used to pay down long-term debt and reduce common equity. The 8.4% Series preferred shares of TransAlta Utilities in the amount of $146.1 million will be redeemed in March 2000 resulting in a $9 million decrease in preferred dividends. This redemption is expected to be funded through the issue of long-term debt and/or preferred securities to TransAlta Corporation.

INCOME TAXES

1999	1998
$83.6	$118.6

RESULTS Income taxes are net of amounts directly related to discontinued operations as well as an allocation of income taxes on allocated direct corporate overheads and interest expenses. Income taxes decreased by $35.0 million mainly due to the decline in earnings before tax. The effective income tax rate (expressed as a percentage of earnings from continuing operations before income taxes) increased by 1.5 per cent to 49.2 per cent in 1999 from 47.7 per cent in 1998. The increase was partially attributable to EUB prescribed regulatory adjustments.

OUTLOOK TransAlta Utilities' effective tax rate may change as a result of the new accounting standards to be adopted in 2000. However, management does not expect the change to be material. Canada's 1999 federal budget extended the manufacturing and processing deduction to the electricity generation industry. The effect of this change is not expected to be material as the majority of TransAlta Utilities' taxable income has preferential tax rates.

DISCONTINUED OPERATIONS

DISTRIBUTION & RETAIL

	1999	1998
Earnings	$21.8	$24.9

RESULTS Earnings from the discontinued Distribution and Retail (D&R) operations decreased by $3.1 million. Revenues decreased by $35.9 million with $13 million attributable to the lower rate of return in the 1999 Decision. The remaining $22.9 million decline in revenue was due to higher power line losses and increased sales to lower-margin customers. Expenses for 1999 included a $9.6 million rate adjustment relating to 1997 and 1996, while 1998 expenses included a 1995 rate adjustment of $4.8 million *(Note 10)* and restructuring charges of $9.6 million. Otherwise, expenses fell by $6.5 million due to a full year of the benefits of the restructuring. The decrease in EBIT of $24.6 million was partially offset by lower allocated interest of $5.0 million and reduced income taxes of $16.5 million, resulting from lower taxable income and a significant decline in the effective tax rate due to non-deductible pension costs in 1998.

OUTLOOK TransAlta Utilities entered into an agreement on Feb. 7, 2000, to sell its D&R assets *(Note 18)* for cash proceeds of approximately $645 million. The sale is subject to regulatory approvals. The actual cash proceeds will be determined by the rate base on the closing date plus recovery of working capital. TransAlta Utilities will record D&R's 2000 earnings as discontinued operations until the expected closing in the third quarter of 2000. The 1999 Decision determines D&R's rates and risks for 2000. D&R is exposed to sales volumes by customer group differing from those assumed in the 1999 Decision. D&R is not exposed to power pool prices. D&R is exposed to power line losses as well as capital and operating expenditures differing from those approved under the 1999 Decision.

NEW ACCOUNTING STANDARDS

In 1999, TransAlta Utilities adopted the new accounting standards for employee future benefits *(Notes 1 and 12)*. This change in accounting policy had the effect of increasing 1999 net earnings by $8.5 million ($0.05 EPS), of which $6.0 million ($0.04 EPS) related to continuing operations. The change was prospectively applied with no effect on 1998 earnings.

New accounting standards for income taxes will be applied by TransAlta Utilities in 2000, with retroactive restatement of prior years. The new standards require the use of the liability method of accounting for income taxes, except for rate-regulated operations or certain long-term contracts that meet exemption criteria. TransAlta Utilities is evaluating the impact of this standard on its financial results. At this time TransAlta Utilities cannot estimate the full impact, but the change to TransAlta Utilities' effective tax rate in 2000 due to the new standard is estimated to be immaterial.

CONSOLIDATED STATEMENTS OF CASH FLOW

TransAlta Utilities' cash balance was $nil as at Dec. 31, 1999 and 1998. Significant changes in cash flows were as follows:

OPERATING ACTIVITIES Operating activities provided cash of $293 million in 1999 as compared to $309 million in 1998, a decrease of $16 million. This decrease was mainly attributable to the increase in cash used for income tax installment payments.

Cash flow per share from operating activities decreased by $0.19 to $1.73 as a result of the decline in cash from operating activities discussed above combined with the dilutive effect of the common share issuance in late 1998.

INVESTING ACTIVITIES Investing activities used cash of $239 million in 1999 as compared to $160 million in 1998, an increase in use of cash of $79 million as investments were made in corporate, Generation and D&R projects in 1999.

FINANCING ACTIVITIES Financing activities used cash of $55 million in 1999 as compared to using cash of $149 million in 1998, a decrease in cash to financing activities of $94 million to finance the significant investments described above.

Short- and long-term debt provided cash of $132 million in 1999. In 1998, short- and long-term debt, net of repayments, used cash of $40 million.

In 1998, TransAlta Utilities issued 9.6 million common shares for cash of $70.3 million.

MANAGEMENT'S DISCUSSION & ANALYSIS

CONSOLIDATED BALANCE SHEETS

Total assets increased by $37 million to $3,309 million at Dec. 31, 1999 compared to $3,272 million at Dec. 31, 1998, mainly as a result of the increase in accounts receivable of $38 million, primarily due to higher income taxes receivable.

Total liabilities and shareholder's equity increased by $37 million, with major changes as follows:

- Long-term debt, including the current portion, increased by $132 million due to higher debt maturities in 2000.
- Common shareholder's equity decreased by $81 million primarily due to common share dividends of $170 million exceeding net earnings applicable to the common shareholder of $87 million.

LIQUIDITY AND CAPITAL RESOURCES

Commencing in 1999, liquidity and capital resources of TransAlta Utilities were provided by TransAlta Corporation at costs consistent with those that TransAlta Utilities would incur if the capital was obtained from third parties. As a result, the $300 million commercial paper program of TransAlta Utilities was cancelled in 1999. In addition, although the Medium-Term Note program was renewed in 1999 for $500 million, it is expected that TransAlta Corporation will purchase all the securities issued under the program with no new issues to third parties.

Cash requirements arose primarily from capital maintenance requirements of the Generation, Transmission and D&R businesses, refinancing long-term debt maturities, and general working capital requirements. Historically, cash flow from operations has been sufficient to fund investing activities and dividends on common shares.

Short-term liquidity is provided through cash flow from operations as well as the use of the $600 million commercial paper program and the $1,200 million credit facility of TransAlta Corporation. Long-term funding is expected to be provided through TransAlta Corporation. For a detailed explanation of the liquidity and capital resources of TransAlta Corporation, refer to the Management's Discussion & Analysis in the TransAlta Corporation 1999 annual report.

TransAlta Utilities' capital structure consisted of the following components at Dec. 31, 1999 and 1998:

	1999	**1999**	1998	1998
Debt	**$1,529.0**	**52%**	$1,397.1	48%
Preferred shares	**268.3**	**9%**	268.4	9%
Common shareholder's equity	**1,160.3**	**39%**	1,240.9	43%
	$2,957.6	**100%**	$2,906.4	100%

The credit ratings for TransAlta Utilities' various securities from the Canadian Bond Rating Service (CBRS) and the Dominion Bond Rating Service (DBRS) are as follows:

	CBRS	*DBRS*
Senior secured debentures	A+	AA(Low)
Preferred shares	P-1	Pfd-1(Low)

CASH REQUIREMENTS

Future cash requirements include additions to capital assets and redemption of long-term securities. In 2000, cash will be provided from operations, new debt financing from TransAlta Corporation and the proceeds from the sale of the D&R businesses (subject to regulatory approval).

TransAlta Utilities' employee future benefits plans had a net accounting surplus of $100.0 million as at Dec. 31, 1999. In the near term, TransAlta Utilities does not expect to make any contributions to its plans, and will use the surplus in the registered defined benefit plan to fund benefits paid under both the registered defined contribution and the supplemental defined benefit plans.

FINANCING ACTIVITIES

During 1999, all long-term debt issues were made to TransAlta Corporation and included the following:

	Due date	*Rate*	*Principal*
Long-term debt			
Debentures	2009	6.33%	$100.0
Debentures	2005	6.52%	150.0
			$250.0

In 1999, TransAlta Utilities repaid or redeemed the following long-term debt:

	Maturity	*Rate*	*Amount*
Debentures	1999	10.13%	$100
First mortgage bonds	2002	11.5%	12
Other			6
			$118

RISK MANAGEMENT

The corporation has a financial exposure management policy which is reviewed and monitored by the Audit and Environment Committee of the board of directors. This policy includes limits on exposures (currency, credit, interest rate and commodity prices), reporting practices and other procedures necessary for the corporation to manage and control its financial and commodity exposures.

CURRENCY RATE EXPOSURE The corporation has exposure to various currencies as a result of the acquisition of equipment and services from foreign suppliers. These exposures are managed through the use of a variety of hedging instruments including currency swaps and forward sales contracts.

INTEREST RATE EXPOSURE At Dec. 31, 1999, approximately four per cent of the total debt portfolio was subject to movements in floating interest rates.

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR 2000 RISK MANAGEMENT The year 2000 date-related issue posed some risk of income loss to TransAlta Utilities, disruption of electrical service to customers, exposure in respect of third-party systems and the possibility of third-party litigation. TransAlta Utilities' comprehensive approach managed the risk by using the phases of inventory, assessment, conversion or replacement, testing, evaluating third-party dependencies and contingency planning.

TransAlta Utilities entered the year 2000 with continued service to our customers. Although we did experience a few very minor incidents following the new year and leap year transition period, they did not affect service to our customers nor interrupt business continuity.

Payments for year 2000 hardware will be capitalized according to their asset class and depreciated over the asset's remaining life. Payments for year 2000 software will be amortized over five years. This approach is consistent with TransAlta Utilities' accounting policy for information technology expenditures. The total cost of TransAlta Utilities' activities is estimated at $28 million.

CLIMATE CHANGE RISK MANAGEMENT TransAlta Utilities' climate change strategy addresses the potential competitive risks to its fossil-fuelled generation plants from future changes in public policy, which could include changes to environmental controls, regulatory regimes, taxes or charges. Contractual provisions in Generation's power purchase arrangements substantially cover TransAlta Utilities for risks related to potential changes in law.

TransAlta Utilities' strategy addresses the following key areas: reducing net emissions; participating in provincial, federal and international policy development; contributing to research and development; purchasing renewable energy; and testing market-based approaches, such as the trading of emission reduction credits. TransAlta Utilities has exceeded its voluntary goal to return net greenhouse gas emissions to 1990 levels in 2000.

In addition, in 1999 all of TransAlta Utilities' generating facilities implemented enhanced environmental management systems designed to meet the ISO 14001 international standard. All TransAlta Utilities' facilities undergo compliance and management system integrity audits on a cycle determined by facility performance, on average, once every three years.

figures + facts

MANAGEMENT'S RESPONSIBILITY

In management's opinion, the accompanying consolidated financial statements have been properly prepared within reasonable limits of materiality and within the framework of appropriately selected, generally accepted accounting principles and policies consistently applied and summarized in the consolidated financial statements. Since a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment and with all information available up to Feb. 3, 2000 (except for *Note 18* which is at Feb. 7, 2000). Management is responsible for all information in the annual report. Financial operating data in the report are consistent, where applicable, with the consolidated financial statements.

To meet its responsibility for reliable and accurate financial statements, management has established systems of internal control which are designed to provide reasonable assurance that financial information is relevant, reliable and accurate, and that assets are safeguarded and transactions are executed in accordance with management's authorization. These systems are monitored by management and by internal auditors. In addition, the internal auditors perform appropriate tests and related audit procedures.

The consolidated financial statements have been examined by Ernst & Young LLP, independent chartered accountants. The external auditors' responsibility is to express a professional opinion on the fairness of management's consolidated financial statements. The auditors' report outlines the scope of their examination and sets forth their opinion.

The audit committee of the board of directors is comprised of independent directors. The audit committee meets regularly with management, the internal auditors and the external auditors to satisfy itself that each is properly discharging its responsibilities, and to review the consolidated financial statements. The audit committee reports its findings to the board of directors for consideration when approving the consolidated financial statements for issuance to the shareholders. The audit committee also recommends, for review by the board of directors and approval of shareholders, the appointment of the external auditors. The internal and external auditors have full and free access to the audit committee.

Stephen G. Snyder
President & Chief Executive Officer

Feb. 3, 2000
(except for Note 18 which is at Feb. 7, 2000)

Ian A. Bourne
Executive Vice-President & Chief Financial Officer

AUDITORS' REPORT

TO THE SHAREHOLDERS OF TRANSALTA UTILITIES CORPORATION We have audited the consolidated balance sheets of TransAlta Utilities Corporation as at Dec. 31, 1999 and 1998 and the consolidated statements of earnings and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the corporation as at Dec. 31, 1999 and 1998 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in Canada.

Ernst & Young LLP

Ernst & Young LLP
Chartered Accountants
Calgary, Canada

Feb. 3, 2000
(except for Note 18 which is at Feb. 7, 2000)

CONSOLIDATED STATEMENTS OF EARNINGS & RETAINED EARNINGS

Years ended December 31 (in millions except earnings per common share)	1999	1998
Revenues	**$772.0**	$853.6
Operating expenses		
Operations, maintenance and administration	**195.6**	175.6
Depreciation and amortization *(Note 4)*	**163.2**	157.5
Fuel	**110.9**	110.6
Taxes, other than income taxes	**34.4**	34.4
Restructuring charge *(Note 12)*	**–**	5.5
	504.1	483.6
Operating income	**267.9**	370.0
Other income	**1.0**	1.3
Interest charges *(Notes 7 and 15)*	**(98.9)**	(101.6)
Earnings from continuing operations before rate adjustment and income taxes	**170.0**	269.7
Rate adjustment *(Note 10)*	**–**	(20.8)
Earnings from continuing operations before income taxes	**170.0**	248.9
Income taxes *(Note 11)*	**83.6**	118.6
Earnings from continuing operations	**86.4**	130.3
Earnings from discontinued Distribution and Retail operations *(Note 3)*	**21.8**	24.9
Net earnings	**108.2**	155.2
Preferred share dividends	**(21.1)**	(21.1)
Net earnings applicable to common shareholder	**$ 87.1**	$134.1
Common share dividends	**(169.6)**	(160.2)
Retained earnings		
Opening balance	**219.9**	246.0
Closing balance	**$137.4**	$219.9
Weighted average common shares outstanding in the period	**169.5**	160.4
Basic and fully diluted earnings per share		
Continuing operations	**$ 0.38**	$ 0.68
Discontinued Distribution and Retail operations	**0.13**	0.16
Net earnings	**$ 0.51**	$ 0.84

SEE ACCOMPANYING NOTES.

CONSOLIDATED BALANCE SHEETS

December 31 (in millions)	1999	1998
Assets		
Current assets		
Accounts receivable	$ 193.7	$ 155.8
Materials and supplies at average cost	55.7	47.8
	249.4	203.6
Capital assets *(Notes 4 and 7)*		
Cost	5,965.9	5,850.5
Accumulated depreciation	(2,925.9)	(2,794.1)
	3,040.0	3,056.4
Other assets *(Note 5)*	20.0	11.7
Total assets	$3,309.4	$3,271.7
Liabilities and shareholder's equity		
Current liabilities		
Short-term debt *(Note 6)*	$ 56.7	$ 56.4
Accounts payable and accrued liabilities	250.1	261.2
Dividends payable - common shares	42.4	42.4
- preferred shares	5.3	5.3
Current portion of long-term debt *(Note 7)*	209.9	105.2
	564.4	470.5
Long-term debt *(Note 7)*	1,262.4	1,235.5
Deferred income taxes *(Note 11)*	54.0	56.4
Preferred shares *(Note 8)*	268.3	268.4
Common shareholder's equity		
Common shares *(Note 9)*	1,005.6	1,003.7
Contributed surplus	17.3	17.3
Retained earnings	137.4	219.9
	1,160.3	1,240.9
Total liabilities and shareholder's equity	$3,309.4	$3,271.7
Contingencies and commitments *(Notes 10,14,16 and 18)*		

SEE ACCOMPANYING NOTES

On behalf of the board:

John T. Ferguson
Director

J. Wallace Madill
Director

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31 (in millions except cash flow per share)	1999	1998
Operating activities		
Net earnings	**$108.2**	$155.2
Depreciation and amortization	**239.7**	221.7
Deferred income taxes	**(2.3)**	(0.1)
Other non-cash items	**(0.8)**	(7.0)
	344.8	369.8
Change in non-cash operating working capital balances	**(51.4)**	(61.2)
Cash flow from operating activities	**293.4**	308.6
Investing activities		
Additions to capital assets	**(223.6)**	(168.0)
Proceeds on sale of capital assets	**–**	4.2
Deferred charges	**(12.4)**	4.2
Advances to TransAlta Energy Corporation	**(2.9)**	–
Cash flow to investing activities	**(238.9)**	(159.6)
Financing activities		
Net increase in short-term debt	**0.3**	14.8
Issuance of long-term debt	**249.8**	150.3
Repayment of long-term debt	**(118.3)**	(205.4)
Dividends on preferred shares	**(21.1)**	(21.1)
Proceeds from issue of common shares	**3.3**	70.3
Dividends on common shares	**(169.6)**	(157.0)
Other	**1.1**	(0.9)
Cash flow to financing activities	**(54.5)**	(149.0)
Increase in cash	**–**	–
Cash at beginning of year	**–**	–
Cash at end of year	**$ –**	$ –
Cash flow per share from operating activities	**$ 1.73**	$ 1.92
Interest paid	**$107.6**	$123.6
Income taxes paid	**$161.9**	$100.1

SEE ACCOMPANYING NOTES.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Dec. 31, 1999 and 1998
(Tabular dollar amounts in millions, except as otherwise noted)

1. Summary of significant accounting policies

A. CONSOLIDATION AND INVESTMENTS

The consolidated financial statements include the accounts of TransAlta Utilities Corporation (the corporation) and its wholly-owned subsidiaries, of which TransAlta Fly Ash Corporation and Farm Electric Services Ltd. are active. The consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada.

The corporation owns and operates electric generation, transmission, distribution and retail facilities in the province of Alberta. TransAlta Fly Ash Corporation processes and sells fly ash gathered at the corporation's coal-fuelled generating plants. Farm Electric Services Ltd. is a non-profit entity which organizes, constructs, operates and maintains, at cost, electric distribution systems owned by rural electrification co-operative associations.

B. MEASUREMENT UNCERTAINTY

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

C. REGULATION

The corporation is regulated by the Alberta Energy and Utilities Board (the EUB), pursuant to the Hydro and Electric Energy Act (Alberta); pursuant to Part 2 of the Public Utilities Board Act (Alberta); pursuant to the Electric Utilities Act (Alberta); and is subject to the Provincial Water Power Regulations (Alberta). These acts and regulations cover such matters as tariffs, rates, construction, operations, financing and accounting.

The timing of the corporation's recognition of certain assets, liabilities, revenues and expenses as a result of regulation may differ from that otherwise expected using generally accepted accounting principles.

D. REVENUE RECOGNITION

Revenues are recognized on the accrual basis and include an estimate of unbilled revenue. Rate adjustments related to prior years are presented as unusual items.

E. DISCONTINUED OPERATIONS

The results of discontinued operations are presented on a one-line basis in the consolidated statements of earnings. Interest expense, direct corporate overheads and income taxes are allocated to discontinued operations. General corporate overheads are not allocated to discontinued operations.

F. CAPITAL ASSETS

Land, buildings, plant and equipment are carried at cost which includes direct internal labour and allocated overheads. The corporation capitalizes an allowance for funds used during construction (AFUDC) at the cost of capital including the cost of equity related to property under construction. AFUDC is a non-cash income item which will be charged and recovered in rates to customers over the service life of the assets, commencing with their inclusion in rate base. Interest expense is presented net of AFUDC. The corporation provides for depreciation on a straight-line basis using various rates as approved by the EUB, based on depreciation studies prepared by the corporation. Changes to depreciation rates requested by the EUB are accounted for on a prospective basis. Depreciation rates reflect estimated service lives and estimated future removal and site restoration costs less salvage values. Hydroelectric dam future removal and site restoration costs are not determinable and will be recorded when reasonably estimable and when determined through the regulatory process. Estimated costs to reclaim mining properties are amortized primarily on a unit-of-production basis. Customer contributions to the corporation for new service connections are recorded as a reduction to the cost of property.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

G. DEFERRED CHARGES

Costs incurred by the corporation to develop potential capital assets are deferred until construction of a plant commences at which time the costs are included in capital assets. Costs incurred by the corporation associated with future regulatory hearings are deferred until such hearings occur, at which time the costs are included in operating expenses. When it has been determined that the plant will not be constructed or the regulatory hearing will not occur, the related deferred costs are included in operating expenses.

Financing costs for the issuance of long-term debt are amortized to earnings on a straight-line basis over the term of the related debt issue. Preferred share issue costs are amortized on a straight-line basis over the estimated average life of the issue.

H. INCOME TAXES

The EUB has prescribed that, for rate setting purposes, the taxes payable method be used for provincial income taxes and, beginning in 1997, the deferral tax allocation method be used for federal income taxes. Beginning in 1999, the EUB prescribed that the liability method be used for federal income taxes until such time as the recorded deferred tax liability has been discharged. Both of these changes in accounting policy were prospectively applied. There is a reasonable expectation that when unrecorded deferred income taxes become payable they will be included in the rates approved by the EUB or under long-term contracts and recovered from the customers of the corporation at that time.

I. EMPLOYEE FUTURE BENEFITS

In accordance with recent recommendations of the Canadian Institute of Chartered Accountants, the corporation has adopted the new accounting standards related to employee future benefits. The change has been applied effective Jan. 1, 1999 on a prospective basis. This change in accounting policy has the effect of increasing 1999 net earnings by $8.5 million ($0.05 net earnings per common share), of which $6.0 million ($0.04 EPS) related to continuing operations, with no effect on 1998 earnings. The corporation accrues its obligations under employee benefit plans and the related costs, net of plan assets. The cost of pensions and other post-employment and post-retirement benefits earned by employees is actuarially determined using the projected benefit method pro-rated on services and management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees and expected health care costs. For the purpose of calculating the expected return on plan assets, those assets are valued at fair value. The discount rate used to calculate the interest cost on the accrued benefit obligation is the long-term market rate at the balance sheet date. Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment (EARSL). The excess of the net actuarial gain (loss) over 10 per cent of the greater of the accrued benefit obligation and the fair value of plan assets is amortized over the average remaining service period of the active employees. These accounting standards differ from those used in 1998. The significant policies used in 1998 were as follows: i) the cost and liability for other post-employment benefits was recognized on a cash basis; ii) the actuarial value of the registered pension plan assets and the expected return on plan assets was actuarially determined based on a five-year moving average; iii) the discount rate used to calculate the interest cost on the accrued benefit obligation was management's estimate of long-term rates; and, iv) all experience gains and losses, and amounts arising as a result of changes in accounting methods, assumptions and plan amendments were amortized on a straight-line basis over the expected average remaining service life of the employee group.

J. FOREIGN CURRENCY TRANSLATION

Transactions denominated in foreign currencies are translated at the exchange rate on the transaction date. Foreign currency denominated monetary assets and liabilities are translated at exchange rates in effect on the balance sheet date. The resulting exchange gains and losses on these items are included in net earnings, except for unrealized exchange gains or losses arising on translation of long-term debt, which are deferred and amortized over the remaining life of the debt on a straight-line basis.

K. DERIVATIVES AND FINANCIAL INSTRUMENTS

The corporation utilizes derivative financial instruments and derivative commodity instruments (collectively, derivatives) and other financial instruments to manage its exposure to changes in foreign currency exchange rates, interest rates and energy prices. Gains and losses relating to derivatives that are hedges are deferred and recognized in the same period and in the same financial statement category as the related items hedged.

To be accounted for as a hedge, a derivative must be designated by management as a hedge and be effective. Hedge effectiveness for cash flow hedges is achieved if the derivative's cash flows substantially offset the cash flows of the hedged item and the timing of the cash flows is similar. Hedge effectiveness for fair value hedges is achieved if changes in the fair value of the derivative substantially offsets changes in the fair value of the item hedged. If a derivative that has been accorded hedge accounting is settled early, the termination gain or loss is deferred and recognized when the gain or loss on the item hedged is recognized. Premiums paid or received with respect to hedging derivatives are deferred and amortized to earnings over the term of the hedge.

The estimated fair value of a derivative generally reflects the estimated amount that the corporation would receive or pay to terminate the contract at the balance sheet date. The estimated fair value of long-term debt is based on quoted market prices where available, or where not available, with reference to market prices for similar issues. The carrying amounts of other balance sheet financial assets and financial liabilities approximate their fair values.

L. EARNINGS PER SHARE (EPS)

Net earnings per share are calculated based on net earnings applicable to the common shareholder using the weighted average number of common shares outstanding during the year.

2. Segment disclosures

A. DESCRIPTION OF REPORTABLE SEGMENTS

The corporation has two reportable segments: Generation and Transmission. The corporation's reportable segments are strategic business units that offer different products and services. They are managed separately due to different technology and marketing strategies. The corporation's reportable segments changed in 1999 as a result of the decision to discontinue certain operations *(Note 3)* with the prior year restated accordingly.

Generation and Transmission operate mainly in Alberta and are primarily regulated by the EUB. Transactions are facilitated through third-party intermediaries, namely the Power Pool of Alberta (Power Pool) and ESBI Alberta Ltd., the independent transmission administrator (TA).

The Generation segment sells all of its electrical production to the Power Pool. Legislation provides for the sale of all power for use in Alberta to the Power Pool for resale at a bid price which matches demand with supply. Prices are determined through regulation and are based on a rate of return on assets and the recovery of costs. Revenues are net of payments to small power producers (SPP) *(Note 14)*. The Generation segment also earns ancillary revenue for providing system stability services to the TA and pays ancillary access charges to the TA.

The Transmission segment and the other utilities in Alberta provide transmission services to the TA, who then charges each distributor of electricity (including the corporation's discontinued distribution and retail operation) a transmission tariff based on volume. Service charges for the transmission facilities and the tariffs charged by the TA are determined through regulation based on a rate of return on assets and the recovery of costs.

The accounting policies of the segments are the same as those described in *Note 1*. The corporation evaluates performance based on earnings before corporate overheads, interest and income taxes (EBIT).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

B. REPORTED SEGMENT PROFIT OR LOSS AND SEGMENT ASSETS

i) Earnings information

Dec. 31, 1999	*Generation*	*Transmission*	*Totals*
Revenues "	$ 583.2	$215.7	$ 798.9
SPP payments	(26.9)	–	(26.9)
Net segment revenues	556.3	215.7	772.0
Operations, maintenance and administration	98.0	46.6	144.6
Depreciation and amortization	101.7	45.9	147.6
Fuel	110.9	–	110.9
Taxes, other than income taxes	20.5	13.9	34.4
Other income	–	(0.7)	(0.7)
EBIT for reportable segments	**$ 225.2**	**$ 110.0**	**$ 335.2**
Corporate overheads			66.6
Other income			(0.3)
Net interest charges			98.9
Earnings from continuing operations before income taxes			**$ 170.0**
Dec. 31, 1998			
Revenues	$ 671.7	$214.2	$ 885.9
SPP payments	(32.3)	–	(32.3)
Net segment revenues	639.4	214.2	853.6
Operations, maintenance and administration	95.6	18.1	113.7
Depreciation and amortization	97.2	43.9	141.1
Fuel	110.6	–	110.6
Taxes, other than income taxes	20.9	13.5	34.4
Restructuring charges	0.8	2.3	3.1
Rate adjustment - 1995	14.9	5.9	20.8
EBIT for reportable segments	**$ 299.4**	**$130.5**	**$ 429.9**
Corporate overheads			80.7
Other income			(1.3)
Net interest charges			101.6
Earnings from continuing operations before income taxes			**$ 248.9**

ii) Selected cash flow information

Dec. 31, 1999	*Generation*	*Transmission*	*Totals*
Depreciation and amortization	$ 101.7	$ 45.9	$ 147.6
Additions to segment capital assets	$ (109.1)	$ (19.4)	$ (128.5)
Dec. 31, 1998			
Depreciation and amortization	$ 90.8	$ 43.9	$ 134.7
Additions to segment capital assets	$ (110.6)	$ (20.3)	$ (130.9)

iii) Selected balance sheet information

Dec. 31, 1999	*Generation*	*Transmission*	*Totals*
Segment assets	$1,845.8	$642.6	$2,488.4
Segment accounts payable	$ (110.0)	$ 4.2	$ (105.8)
Dec. 31, 1998			
Segment assets	$1,833.7	$649.0	$2,482.7
Segment accounts payable	$ (10.5)	$ 12.9	$ 2.4

C. RECONCILIATIONS

Years ended December 31	1999	1998
i) Operations, maintenance and administration		
Operations, maintenance and administration for reportable segments	**$ 144.6**	$ 113.7
Other corporate operations, maintenance and administration	**51.0**	61.9
Consolidated total	**$ 195.6**	$ 175.6
ii) Depreciation and amortization (D&A) per statement of earnings		
D&A expense for reportable segments	**$ 147.6**	$ 141.1
D&A on corporate assets	**15.6**	16.4
Consolidated total	**$ 163.2**	$ 157.5
iii) Restructuring charge		
Restructuring charges for reportable segments	**$ –**	$ 3.1
Other corporate restructuring charges	**–**	2.4
Consolidated total	**$ –**	$ 5.5
iv) Other income		
Other income for reportable segments	**$ 0.7**	$ –
Corporate other income	**0.3**	1.3
Consolidated total	**$ 1.0**	$ 1.3
v) D&A per statement of cash flows		
D&A cash flow amounts for reportable segments	**$ 147.6**	$ 134.7
D&A on corporate assets	**15.6**	16.4
Discontinued operations - Distribution and Retail	**73.5**	68.8
Amortization of corporate financing costs	**3.0**	1.8
Consolidated total	**$ 239.7**	$ 221.7
vi) Additions to capital assets		
Total additions to capital assets for reportable segments	**$ (128.5)**	$ (130.9)
Other corporate additions to capital assets	**(26.5)**	6.5
Discontinued operations - Distribution and Retail	**(68.6)**	(43.6)
Consolidated total	**$ (223.6)**	$ (168.0)
vii) Assets		
Total assets for reportable segments	**$2,488.4**	$2,482.7
Other corporate assets	**190.8**	135.7
Discontinued operations - Distribution and Retail	**630.2**	653.3
Consolidated total	**$3,309.4**	$3,271.7
viii) Accounts payable and other current liabilities		
Total accounts payable and other current liabilities for reportable segments	**$ (105.8)**	$ 2.4
Other corporate accounts payable and other current liabilities	**(82.0)**	(152.7)
Discontinued operations - Distribution and Retail	**(110.0)**	(158.6)
Consolidated total	**$ (297.8)**	$ (308.9)

3. Discontinued operations

A. DISTRIBUTION AND RETAIL OPERATIONS

Effective Dec. 31, 1999, the corporation adopted a formal plan to pursue divestiture opportunities relating to its Distribution and Retail operations (D&R) *(Note 18)*.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

B. STATEMENT OF EARNINGS

The statement of earnings amounts applicable to discontinued Distribution and Retail operations were as follows:

Years ended December 31	**1999**	1998
Revenues	**$211.2**	$247.1
Operating expenses	**144.4**	160.5
Operating income	**66.8**	86.6
Rate adjustment - 1996 and 1997 *(Note 10)*	**(9.6)**	(4.8)
Net interest expense	**(15.1)**	(20.1)
Earnings before income taxes	**42.1**	61.7
Income taxes	**(20.3)**	(36.8)
Earnings from discontinued operations	**$ 21.8**	$ 24.9

C. BALANCE SHEETS

Balance sheet amounts applicable to discontinued Distribution and Retail operations were as follows:

December 31	**1999**	1998
Current assets	**$151.3**	$168.7
Capital assets	**478.9**	484.6
Total assets	**630.2**	653.3
Current liabilities	**110.0**	158.6
Long-term debt	**34.9**	40.0
Total liabilities	**144.9**	198.6
Net assets	**$485.3**	$454.7

4. Capital assets

	Depreciation rates	**1999** *Cost*	**1999** *Accumulated depreciation*	1998 *Cost*	1998 *Accumulated depreciation*
Coal rights	.02%-20%	**$ 568.4**	**$ 255.3**	$ 566.7	$ 254.8
Thermal generation	3.1%-3.9%	**1,886.7**	**811.0**	1,829.9	768.3
Thermal environmental equipment	3.6%	**425.5**	**225.3**	425.8	211.6
Hydro generation	2.8%	**305.7**	**158.0**	295.5	150.5
Transmission systems	2%-10%	**1,299.9**	**691.9**	1,296.3	633.9
Distribution and retail systems	2%-20%	**1,191.3**	**712.5**	1,150.0	665.5
Other	various	**244.4**	**71.9**	247.2	109.5
Assets under construction	none	**44.0**	**–**	39.1	–
		$5,965.9	**$2,925.9**	$5,850.5	$2,794.1

Included in coal rights are capital leases with a net book value of $6.2 million (1998 - $7.6 million). Included in thermal generation is a capital lease with a net book value of $2.3 million (1998 - $2.4 million).

In 1998, the EUB approved the corporation's rates for 1995. The decision disallowed 1995 depreciation expense of $6.4 million and is included in the 1995 rate adjustment recorded in 1998 *(Note 10)*.

The corporation capitalized AFUDC of $3.4 million (1998 - $3.0 million) to assets under construction.

5. Other assets

	1999	1998
Deferred regulatory hearing costs	**$ 8.3**	$ 0.1
Deferred project development costs	**6.2**	3.3
Deferred financing costs	**5.5**	8.3
	$20.0	**$11.7**

6. Short-term debt

	1999	1999	1998	1998
	Outstanding	*Interest*[1]	*Outstanding*	*Interest*[1]
Promissory note - TransAlta Corporation	**$52.0**	**5.0%**	$ –	–
Bank debt	**4.7**	**6.4%**	39.6	5.0%
Commercial paper	**–**	**–**	13.9	6.8%
Promissory note – TransAlta Energy Corporation	**–**	**–**	2.9	5.3%
	$56.7		$56.4	

[1] *Interest is an average rate weighted by principal amounts outstanding.*

7. Long-term debt

	1999	1999	1998	1998
	Outstanding	*Interest* [1]	*Outstanding*	*Interest* [1]
Debentures, due 2000 to 2033	**$1,423.2**	**7.8%**	$1,273.4	8.2%
Notes payable - FESL, due to 2002	**34.9**	**6.5%**	40.0	6.3%
Other, due to 2005	**3.8**	**8.0%**	4.2	8.0%
Capital lease obligation, due to 2007	**10.4**	**9.0%**	11.6	9.4%
First mortgage bonds, due to 2002	**–**	**–**	11.5	8.5%
	1,472.3		1,340.7	
Less current portion	**209.9**		105.2	
	$1,262.4		$1,235.5	

[1] *Interest is an average rate weighted by principal amounts outstanding.*

A. AMOUNTS OUTSTANDING

I. DEBENTURES The debentures bear interest at fixed rates. A floating charge on the property and assets of the corporation has been provided as collateral. Debentures of $250.0 million (1998 -$nil) are held by the corporation's parent, TransAlta Corporation. Debentures of $100.0 million maturing in 2023 and $50.0 million maturing in 2033 are redeemable at the option of the holder in 2008 and 2009, respectively.

II. NOTES PAYABLE - FESL The notes payable to rural electrification co-operative associations through their agent, Farm Electric Services Ltd. (FESL), represent funds contributed by members of these associations, bear interest at variable rates and are unsecured.

III. CAPITAL LEASE OBLIGATION Certain coal mining and thermal generation capital assets have been provided as collateral. The obligation bears interest at a fixed rate.

IV. FIRST MORTGAGE BONDS The first mortgage bonds were redeemed in 1999 at face value. The 1998 amount was denominated in U.S. dollars and bore interest at fixed rates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

B. PRINCIPAL REPAYMENTS

Long-term debt principal amounts are due in the following years:

2000	$ 209.9
2001	85.7
2002	112.3
2003	358.9
2004	2.2
2005 and thereafter	703.3
	$1,472.3

C. INTEREST

Interest expense on long-term debt was $111.1 million (1998 - $122.8 million), of which $96.0 million (1998 - $102.7 million) related to continuing operations.

8. Preferred shares

A. AUTHORIZED

The authorized preferred share capital is issued in series and consists of an unlimited number of voting first and second preferred shares, all without nominal or par value.

B. ISSUED AND OUTSTANDING - FIRST PREFERRED SHARES

The first preferred shares, which are issued in series, are cumulative and redeemable at designated dates at the option of the corporation at their subscription price together with a premium not in excess of the annual dividend.

		1999	**1999**	1998	1998
Series	*Subscription price*	*Preferred shares*	*Amount*	*Preferred shares*	*Amount*
4.00%	100	**13,702**	**$ 1.4**	13,702	$ 1.4
4.50%	100	**6,695**	**0.7**	6,695	0.7
5.00%	100	**6,832**	**0.7**	6,832	0.7
5.40%	100	**18**	**–**	18	–
7.00%	100	**70,229**	**6.9**	70,329	7.0
7.08%	25	**715,659**	**17.8**	715,659	17.8
7.10%	25	**524,002**	**13.1**	524,002	13.1
7.20%	25	**606,999**	**15.2**	606,999	15.2
7.30%	100	**168,792**	**16.9**	168,792	16.9
7.44% (1977)	100	**114,991**	**11.5**	114,991	11.5
7.44% (1979)	100	**115,864**	**11.6**	115,864	11.6
7.50%	100	**153,429**	**15.3**	153,429	15.3
7.70%	100	**110,950**	**11.1**	110,950	11.1
8.40%	25	**5,842,787**	**146.1**	5,842,787	146.1
		8,450,949	**$268.3**	8,451,049	$268.4
Number of votes[1]		**2,573,013**		2,573,013	

[1] All preferred shares carry one vote per share except the 7.08%, 7.10%, 7.20% and 8.40% Series which are entitled to one vote for each full $100 of subscription price and the 7.70% Series which are non-voting unless the corporation fails to pay certain dividends.

C. REDEMPTION PRIVILEGES

All preferred shares have a nil redemption premium except the 4.00% and 4.50% Series which have a three per cent premium and the 7.00% and 7.50% which have a two per cent premium.

D. PURCHASE OBLIGATIONS

Certain series have annual purchase funds which are non-cumulative but require the corporation to make all reasonable efforts to purchase for cancellation, in the open market, preferred shares at a price not exceeding their subscription price plus any accrued and unpaid dividends and costs of purchase. Annual preferred share purchase obligations are as follows:

Series	*Preferred shares*	*Amount*
7.00%	3,000	$ 0.3
7.08%	21,638	0.5
7.10%	15,771	0.4
7.20%	18,395	0.5
7.30%	12,000	1.2
7.44% (1977)	9,000	0.9
7.44% (1979)	9,000	0.9
7.50%	5,000	0.5
7.70%	7,800	0.8
8.40%	175,284	4.4
	276,888	$10.4

9. Common shares

(in millions)	**1999** *Common shares*	**1999** *Amount*	1998 *Common shares*	1998 *Amount*
Issued and outstanding at beginning of year	**169.6**	**$1,003.7**	160.0	$ 930.1
Repurchased by the corporation	**(0.5)**	**(3.2)**	–	–
Issued	**0.4**	**5.1**	9.6	73.6
Issued and outstanding at end of year	**169.5**	**$1,005.6**	169.6	$1,003.7

10. Rate adjustments

A. 1997 AND 1996 RATE ADJUSTMENTS RECORDED IN 1999

The EUB Phase II decision regarding the corporation's rates for 1997 and 1996 was received in 1999. The EUB awarded an interest refund to retail customers for payment of interest on rate refunds relating to its 1997 and 1996 rate decision. This rate adjustment reduced 1999 earnings before tax from discontinued operations by $9.6 million ($5.3 million after tax; $0.03 EPS). Certain municipally-owned utilities in Alberta have applied to the EUB for additional interest payments with a decision expected in 2000. Any potential liability for additional payments is indeterminable at this time and no amount has been accrued in the accounts.

B. 1995 RATE ADJUSTMENTS RECORDED IN 1998

The EUB's decision regarding a review of the corporation's rates for 1995 was received in 1998. The impact of the decision on rates has been reflected as an unusual item that reduced 1998 earnings before tax by $25.6 million ($11.7 million after tax; $0.07 EPS) of which $20.8 million ($9.5 million after tax; $0.06 EPS) related to continuing operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Income taxes

Income taxes vary from the amount that would be determined by applying the combined statutory Canadian federal and provincial income tax rates to pre-tax earnings before income taxes, with details as follows:

	1999	1998
Earnings from continuing operations before income taxes	**$170.0**	$248.9
Statutory Canadian federal and provincial income tax rate	**44.62%**	44.62%
Expected taxes on income	**$ 75.7**	$111.0
Increase (decrease) in income taxes resulting from:		
Non-taxable allowance for funds used during construction	**5.9**	6.0
Large corporations tax (net of surtax)	**3.2**	2.6
EUB prescribed regulatory adjustments	**3.2**	–
Royalties	**2.3**	3.3
Resource allowance	**(5.3)**	(5.3)
Unprovided deferred taxes on timing differences	**(1.9)**	3.1
Manufacturing and processing rate reduction	**(1.0)**	–
Other	**1.5**	(2.1)
Total income taxes	**$ 83.6**	$118.6
Current	**$ 80.4**	$118.6
Deferred	**3.2**	–
	$ 83.6	$118.6

Liabilities for deferred federal income taxes in the amounts of $47.1 million (1998 - $52.1 million) and deferred provincial income taxes of $8.9 million (1998 - $11.3 million) have not been recorded.

12. Employee future benefits

A. DESCRIPTION

The corporation has a registered pension plan with defined benefit and defined contribution options and a supplemental defined benefit plan covering substantially all employees of the corporation. The defined benefit option of the registered pension plan ceased for new employees on June 30, 1998. The latest actuarial valuations of the registered and supplemental pension plans were as at Dec. 31, 1998. The corporation provides other health and dental benefits to the age of 65 for both disabled members (other post-employment benefits) and retired members (other post-retirement benefits). The latest actuarial valuation of these other plans was as at Dec. 31, 1998.

B. EXPENSE

Dec. 31, 1999	*Registered*	*Supplemental*	*Other*	*Total*
Current service cost	$ 2.9	$0.8	$0.4	$ 4.1
Interest cost	18.9	1.3	0.6	20.8
Estimated return on plan assets	(28.1)	–	–	(28.1)
Amortization of net transition (asset) obligation	(9.6)	0.3	0.1	(9.2)
Defined benefit (income) expense	$(15.9)	$2.4	$1.1	$(12.4)
Defined contribution option expense of registered pension plan				9.1
Income before capitalization				(3.3)
Regulatory capitalization to plant and equipment				0.6
Net income				$ (2.7)

Net pension expense was $19.3 million in 1998. The restructuring charges of $15.1 million in 1998 ($8.5 million after tax; $0.06 EPS), of which $5.5 million ($3.2 million after tax; $0.02 EPS) related to continuing operations, including $12.0 million in pension expense related to enhanced defined benefit retirement benefits to be paid under a staff reduction program.

C. STATUS OF PLANS

Dec. 31, 1999	Registered	Supplemental	Other	Total
Fair value of plan assets	$408.1	$ –	$ –	$408.1
Accrued benefit obligation	279.3	19.3	9.5	308.1
Funded status - plan surplus (deficit)	128.8	(19.3)	(9.5)	100.0
Amounts not yet recognized in financial statements:				
Unamortized transition (asset) obligation	(104.2)	4.5	0.4	(99.3)
Unamortized net actuarial gains	(28.1)	(2.6)	(0.9)	(31.6)
Total recognized in financial statements:				
Accrued liability	$ (3.5)	$(17.4)	$(10.0)	$(30.9)
Amortization period in years (EARSL)	12	15	15	

D. RECONCILIATION OF PLAN ASSETS

	Registered	Supplemental	Other	Total
Actuarial value of assets at Dec. 31, 1998	$315.9	–	–	$315.9
Effect of change in accounting policy	100.8	–	–	100.8
Fair value of plan assets at Jan. 1, 1999	416.7	–	–	416.7
Actual contributions	–	–	–	–
Transfers to defined contribution option	(10.1)	–	–	(10.1)
Business combination	2.2	–	–	2.2
Benefits paid	(24.4)	–	–	(24.4)
Actual return on plan assets(1)	23.8	–	–	23.8
Fair value of plan assets at Dec. 31, 1999	$408.2	–	–	$408.2

(1)Net of expenses

Plan assets include common shares of the corporation having a fair value of $0.6 million at Dec. 31, 1999. The corporation charged the registered plan $0.1 million for administrative services provided for the year ended Dec. 31, 1999.

E. RECONCILIATION OF ACCRUED BENEFIT OBLIGATIONS

	Registered	Supplemental	Other	Total
Accrued benefit obligation at Dec. 31, 1998	$278.3	$23.2	$10.2	$311.7
Effect of change in accounting policy	32.7	(2.3)	–	30.4
Accrued benefit obligation at Jan. 1, 1999	311.0	20.9	10.2	342.1
Current service cost	2.9	0.8	0.4	4.1
Interest cost	18.9	1.3	0.6	20.8
Benefits paid	(23.3)	(1.1)	(0.8)	(25.2)
Business combination	2.1	–	–	2.1
Actuarial gains	(32.3)	(2.6)	(0.9)	(35.8)
Accrued benefit obligation at Dec. 31, 1999	$279.3	$19.3	$ 9.5	$308.1

The significant actuarial assumptions adopted in measuring the corporation's accrued benefit obligations were as follows:

	Registered	Supplemental	Other
Liability discount rate	6.3%	6.3%	6.3%
Expected long-term rate of return on plan assets	7.0%	–	–
Rate of compensation increase (exclusive of promotion increases)	3.5%	3.5%	–
Health care cost escalation	–	–	7.0%
Dental care cost escalation	–	–	3.5%
Provincial health care premium escalation	–	–	2.5%

**For five years, and 5% thereafter*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. Financial instruments

A. INTEREST RATE RISK

The corporation has fixed the interest rates on 96 per cent (1998 - 96 per cent) of its debt through fixed rate borrowings.

B. FAIR VALUE OF LONG-TERM DEBT

The fair value of the corporation's fixed interest long-term debt changes as interest rates change, with details as follows:

	1999	**1999**	1998	1998
	Carrying amount	*Fair value*	*Carrying amount*	*Fair value*
Long-term debt	**$1,472.3**	**$1,518.3**	$1,340.7	$1,456.4

C. CREDIT RISK MANAGEMENT

Geographically, approximately $153 million of the total accounts receivable of $193.7 million relates to the regulated Alberta market, but credit risk is mitigated through the regulated recovery of credit losses through customer rates. Generation's sales to the Power Pool accounted for approximately 71 per cent (1998 - 69 per cent) of revenues and Transmission's revenues from the TA accounted for approximately 23 per cent (1998 - 24 per cent) of revenues.

14. Small power producers' contracts

The Alberta Small Power Research and Development Act requires the corporation to enter into long-term power purchase contracts with eligible small power producers at legislated prices which are higher than current market prices. The small power producer contract costs are passed on to customers with the expectation that such costs will continue to be recoverable in future years through rates approved by the EUB or under long-term contracts. At Dec. 31, 1999, future undiscounted minimum payments under these contracts were approximately $537 million, of which approximately $34 million relates to each of the years in the next five years.

15. Related party transactions

During the year, the corporation engaged in related party transactions with its parent company, TransAlta Corporation, with a wholly-owned subsidiary of the parent company, TransAlta Energy Corporation and with TransAlta Energy Marketing Corp., a wholly-owned subsidiary of TransAlta Energy Corporation. These transactions were recorded at their exchange amounts and settled under commercial terms.

A. TRANSACTIONS

	1999	1998
Operations, maintenance, & administration expenses (income)		
TransAlta Corporation - administration services	**$ 1.3**	$ 1.9
TransAlta Energy Corporation - management fees	**$ (4.3)**	$(4.0)
TransAlta Energy Corporation - EPC revenue	**$(24.7)**	$ –
TransAlta Energy Marketing Corp. - energy trading & financial risk management services	**$ 4.1**	$ 4.4
Interest (income) expense		
TransAlta Energy Corporation	**$ –**	$(0.3)
TransAlta Corporation	**$ 4.1**	$ –

B. BALANCES

The amounts due from (to) related entities, exclusive of related party debt *(Notes 6 and 10)*, were as follows:

	1999	1998
Accounts receivable (accounts payable)		
TransAlta Corporation	**$(16.6)**	$(5.8)
TransAlta Energy Corporation	**$ 24.6**	$ 3.2
TransAlta Energy Marketing Corp.	**$(11.3)**	$ 0.3

These balances are due on demand, and have arisen from the provision of services referred to above.

16. Uncertainty due to the year 2000 issue

The year 2000 issue arose because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date to the year 2000 has occurred, it is not possible to conclude that all aspects of the year 2000 issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

17. Comparative figures

Certain of the comparative figures have been reclassified to conform with the current year's presentation.

18. Subsequent events

A. SUBSEQUENT TO DEC. 31, 1999 AND PRIOR TO FEB. 4, 2000

The EUB's Phase I decision regarding the corporation's rates for 1999 was received and recorded in 1999. On Feb. 1, 2000, the EUB announced an amendment to its Phase I decision (final decision) concerning a 1999 revenue requirement issue that partially offsets the effect of its original decision. The positive effect of this final decision is estimated to increase net earnings by $17.0 million and will be recorded in 2000. Certain other revenue requirement issues related to 1999 remain outstanding. The financial statements do not include any estimate of the effects of these contingencies as the amounts are indeterminable at this time. The impact of these contingencies will be recorded in the period they are known.

B. ON FEB. 7, 2000

I. SALE OF DISTRIBUTION AND RETAIL OPERATIONS The corporation entered into an agreement to sell its discontinued Distribution and Retail operations for cash proceeds of approximately $645 million with an expected closing date of August 2000.

II. REDEMPTION OF PREFERRED SHARES The corporation announced its intention to redeem the 8.40% Series First Preferred Shares in March 2000 at the subscription price of $146.1 million plus accrued and unpaid dividends up to the redemption date.

SHAREHOLDER INFORMATION

Annual General Meeting:
will be held at 10 a.m. on Thursday, May 4, 2000 at the Palliser Hotel, 133-9 Avenue, S.W., Calgary, Alberta.

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CIBC Mellon Trust Company
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Adelaide Street Station
Toronto, Ontario M5G 2W9

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1-800-387-0825 toll free in North America

OR
(416) 813-4600 in Toronto or outside North America

FAX
(416) 813-4555

WEB SITE
www.cibcmellon.ca

Voting Rights
All preferred shares carry one vote per share except the 7.08%, 7.10%, 7.20% and 8.40% Series which are entitled to one vote for each full $100 of subscription price, and the 7.70% Series which are non-voting unless the corporation fails to pay certain dividends.

Security Ratings
The Canadian Bond Rating Service and the Dominion Bond Rating Service have rated TransAlta's preferred shares P-1 and Pfd-1(Low) respectively.

Redemption
All series of preferred shares are currently redeemable at the option of TransAlta as a whole or in part.

Redemption will be made at the subscription price plus accrued and unpaid dividends up to the redemption date.

TransAlta intends to exercise its right of redemption on March 27, 2000 for the 8.40% Series.

SPECIAL SERVICES FOR REGISTERED SHAREHOLDERS

Service	*Description*
Direct deposit for dividend payments	Automatically have dividend payments deposited to your bank account.
Account consolidations	Eliminate costly duplicate mailings by consolidating account registrations.
Address changes and share transfers	Receive tax slips and dividends without the delays resulting from address and ownership changes.

To use these services please contact our transfer agent.

FIRST PREFERRED SHARES

Series	*Ticker*	*Exchange*	*Outstanding at Dec. 31, 1999*	*Annual dividend*
4.00%	TAU.Pr.C	TSE	13,702	$4.00
4.50%	TAU.Pr.D	TSE	6,695	$4.50
5.00%	TAU.Pr.E	TSE	6,832	$5.00
5.40%	TAU.Pr.F	TSE	18	$5.40
7.00%	TAU.Pr.G	TSE	70,229	$7.00
7.08%	TAU.Pr.W	TSE	715,659	$1.77
7.10%	TAU.Pr.X	TSE	524,002	$1.78
7.20%	TAU.Pr.V	TSE	606,999	$1.80
7.30%	TAU.Pr.L	CDNX	168,792	$7.30
7.44% (1977)	TAU.Pr.K	CDNX	114,991	$7.44
7.44% (1979)	TAU.Pr.M	CDNX	115,864	$7.44
7.50%	TAU.Pr.H	TSE	153,429	$7.50
7.70%	TAU.Pr.N	CDNX	110,950	$7.70
8.40%	TAU.Pr.T	TSE	5,842,787	$2.10

TSE - Toronto Stock Exchange
CDNX - Canadian Venture Exchange

BOARD OF DIRECTORS

LAWRENCE I. BELL *Director since 1992 and resident of Vancouver, BC. He is vice-chairman of Shato Holdings Ltd., and chairman of White Spot Limited, a subsidiary of Shato Holdings. Mr. Bell was chairman and chief executive officer of BC Hydro and Power Authority. He is a board member of BC Gas, Trans Mountain Pipe Line Company Ltd., Interfor, Miramar Mining and the University of British Columbia.*

STANLEY J. BRIGHT *Appointed director in 1999. A resident of Bettendorf, Iowa, Mr. Bright is vice-chairman of the board at MidAmerican Energy Holdings Company. He is also a director of Access Air Holdings, Inc., Utech Venture Capital Corporation and UTILX Corporation.*

JACK C. DONALD *Director since 1993 and resident of Red Deer, AB. Mr. Donald is president and chief executive officer of Parkland Industries Ltd. He is also vice-president and director of Brandt Industries Ltd., chairman and director of the Canadian Western Bank and a director of the Canadian Petroleum Products Institute and Ensign Resource Services Group Inc.*

JOHN T. FERGUSON *Director since 1981 and resident of Edmonton, AB. He was appointed chair of the board in 1998. He is chairman, founder and a director of Princeton Developments Ltd. Mr. Ferguson is also a director of the Royal Bank of Canada, AirBC and Suncor Energy Inc. He is a senior member of the Conference Board Inc. and a member of the World Presidents' Organization.*

CHRISTOPHER HAMPSON *Director since 1994 and resident of London, England. He is chairman of RMC Group plc and British Biotech plc. Mr. Hampson is also a non-executive director of the SNC-Lavalin Group Inc., a member of the board of the UK Government Environment Agency and vice-president of the Combined Heat and Power Association in England. He is former chairman of Yorkshire Electricity Group plc.*

CHARLES H. HANTHO *Director since 1992 and resident of Toronto, ON. He is chairman of Dofasco Inc. and Camco Inc. Mr. Hantho is also a director of Inco Limited, AGRA Inc. and Telemedia Inc. He is chairman of the board of governors of York University and a member of the Order of Canada.*

LOUIS D. HYNDMAN *Director since 1986 and resident of Edmonton, AB. He is a senior partner of the law firm Field Atkinson Perraton. He is a director of BFC Construction Corporation, Canada Trust, Enbridge Inc., Melcor Developments and Oxford Properties Canada Ltd. He is also a member of the Order of Canada. Mr. Hyndman was Provincial Treasurer of Alberta from 1979 to 1986.*

DONNA SOBLE KAUFMAN *Director since 1989 and resident of Toronto, ON. She is a director of BCE Inc., Bell Canada International Inc. and the CRB Foundation, and a governor of the Council for Canadian Unity. Mrs. Kaufman was formerly chairman and chief executive officer of Selkirk Communications Limited, and was a partner of the law firm Stikeman, Elliott for several years.*

JOHN S. LANE *Director since 1993 and resident of Toronto, ON. Mr. Lane is a director of McLean Budden, SLC Asset Management, AFP Cuprum SA and Century 21 Real Estate Canada. He was formerly senior vice-president, Investments SunLife Assurance Company of Canada.*

J. WALLACE MADILL *Director since 1978 and resident of Calgary, AB. Mr. Madill served as chief executive officer of the Alberta Wheat Pool for 20 years and is president of J. Wallace Madill and Associates. Mr. Madill is a director of Fording Coal Limited, past president of the Calgary Chamber of Commerce and a former board member of the Calgary Foundation.*

STEPHEN G. SNYDER *Director since 1996 and resident of Calgary, AB. He is president and chief executive officer of TransAlta Corporation and a member of the board of directors of Canadian Hunter Exploration and the Conference Board of Canada. He is also a member of the Business Council on National Issues and the World Business Council for Sustainable Development.*

RALPH A. THRALL, JR. *Director since 1981 and resident of Lethbridge, AB. He is president of McIntyre Ranching Co. Ltd. Mr. Thrall is also a member of the Kainai Chieftainship and the Board of Regents of Augustana University College.*

CORPORATE GOVERNANCE TransAlta Utilities' board of directors is comprised of experienced leaders representing varied geographical and professional backgrounds including finance, business and public service. On behalf of TransAlta Utilities' shareholders, the board of directors is responsible for the stewardship of the corporation, establishing overall policies and standards and reviewing strategic plans. During 1999, the directors met on 11 occasions including one special meeting devoted exclusively to corporate strategy and direction. Eleven of the 12 board members are independent of management. The board has established three permanent committees for the continuous review of the principle risks to the corporation and monitoring the systems for managing these risks. All committee members are independent of management.

TRANSALTA UTILITIES OFFICERS

John T. Ferguson
CHAIR OF THE BOARD

Stephen G. Snyder
CHIEF EXECUTIVE OFFICER

Ian A. Bourne
EXECUTIVE VICE-PRESIDENT & CHIEF FINANCIAL OFFICER

James F. Dinning
EXECUTIVE VICE-PRESIDENT, SUSTAINABLE DEVELOPMENT & EXTERNAL RELATIONS

Gary R. Holden
EXECUTIVE VICE-PRESIDENT, GENERATION

John A. Tapics
EXECUTIVE VICE-PRESIDENT, TRANSMISSION & DISTRIBUTION

Tracy A. Bertsch
SENIOR VICE-PRESIDENT, SALES & MARKETING

Paul H. E. Taylor
SENIOR VICE-PRESIDENT, CORPORATE DEVELOPMENT

Raymond M. Gollmer
VICE-PRESIDENT & CHIEF INFORMATION OFFICER

Robert J.D. Page
VICE-PRESIDENT, SUSTAINABLE DEVELOPMENT

Marvin J. Waiand
VICE-PRESIDENT & TREASURER

Richard W. Way
VICE-PRESIDENT, REGULATORY AFFAIRS

Robert D. Hallett
GENERAL COUNSEL

Laura G. Letourneau
CORPORATE SECRETARY

Bart W. Demosky
ASSISTANT TREASURER

Audit and Environment Committee
The committee is responsible for reviewing and inquiring into matters affecting financial reporting, risks inherent in the business and environmental regulation of the corporation's activities. This committee met six times in 1999. Committee Chair: J.W. Madill. Members: L.I. Bell, S.J. Bright, J.T. Ferguson, C. Hampson, D.S. Kaufman and J.S. Lane.

Nominating and Corporate Governance Committee
The committee is responsible for the composition and compensation of the board of directors and for developing the company's approach to governance issues. This committee met four times in 1999. Committee Chair: D.S. Kaufman. Members: L.I. Bell, J.T. Ferguson, C.H. Hantho, L.D. Hyndman and J.S. Lane.

Human Resources Committee
Human Resources matters are reviewed by a committee established by the board of directors of TransAlta Utilities' parent company, TransAlta Corporation. TransAlta Corporation has guidelines about significant corporate governance issues that are available upon request.

1999 CHANGES Stanley Bright was appointed to the board of directors in October 1999. Tracy Bertsch, Bart Demosky, Ray Gollmer and Laura Letourneau were appointed officers of TransAlta Utilities. Marvin Waiand was appointed vice-president and treasurer.

Don Boone and Wolfgang Janke retired in 1999. Ian Bootle, Bill Trafford and Terry Dalgleish resigned as officers of TransAlta Utilities. Mr. Dalgleish maintains a relationship with the corporation as external counsel.

1999 Annual Reports

TransAlta Corporation

TransAlta Utilities Corporation

TransAlta Power Limited Partnership

TransAlta Corporation Sustainable Development

Need additional information?

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